

111TH CONGRESS  
1ST SESSION

# H. R. 2631

To reduce the price of gasoline by allowing for offshore drilling, eliminating Federal obstacles to constructing refineries and providing incentives for investment in refineries, suspending Federal fuel taxes when gasoline prices reach a benchmark amount, and promoting free trade.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 21, 2009

Mr. PAUL introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on Natural Resources and Financial Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To reduce the price of gasoline by allowing for offshore drilling, eliminating Federal obstacles to constructing refineries and providing incentives for investment in refineries, suspending Federal fuel taxes when gasoline prices reach a benchmark amount, and promoting free trade.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4       (a) SHORT TITLE.—This Act may be cited as the  
5       “Affordable Gas Price Act”.

6       (b) TABLE OF CONTENTS.—

- Sec. 1. Short title; table of contents.
- Sec. 2. Findings.
- Sec. 3. Termination of restrictions on oil and natural gas development on Federal lands.
- Sec. 4. Limitation of suits under National Environmental Policy Act of 1969.
- Sec. 5. Incentives for investment in oil refineries.
- Sec. 6. Suspension of fuel taxes on highway motor fuels when weekly United States retail gasoline prices exceed benchmark.
- Sec. 7. Increase in mileage reimbursement rates.
- Sec. 8. Termination of application of title IV of the Trade Act of 1974 to the Russian Federation and Kazakhstan.
- Sec. 9. Study on effects of oil prices on monetary policy.

## 1 **SEC. 2. FINDINGS.**

2 Congress finds the following:

3 (1) High fuel costs retard economic growth and  
4 diminish the quality of life for all Americans.

5 (2) The trucking industry is particularly hard  
6 hit by high fuel prices.

7 (3) Attempts to address the issue of high gaso-  
8 line costs by increasing government involvement in  
9 the market through measures such as price controls  
10 will only lead to shortages, rationing, and a return  
11 of gasoline lines.

12 (4) The Federal regulations restricting drilling  
13 impose prohibitive costs on the development of new  
14 sources of energy, artificially inflating the price of  
15 gas.

16 (5) Federal gas taxes increase the price of oil  
17 thus burdening American families, business, and  
18 truckers.

19 (6) Allowing private parties to delay, or even  
20 halt, the construction of new refineries through liti-

1       gation over the National Environmental Protection  
2       Act's Environmental Impact Statement requirement  
3       reduces the supply of gas thus raising gas prices.

4           (7) The so-called Jackson-Vanik ("freedom-of-  
5       emigration") amendment (section 402 of the Trade  
6       Act of 1974) was a United States reaction to the  
7       Soviet Union's highly restrictive emigration policy of  
8       the time.

9           (8) By 2005, some 15 years after the end of  
10       communist rule over the Soviet Union, successor  
11       states Russia and Kazakhstan allow their citizens  
12       the right and opportunity to emigrate, free of any  
13       heavy tax on the visas or other documents required  
14       for emigration and free of any other tax, levy, fine,  
15       fee, or other charge on any citizens as a consequence  
16       of the desire of such citizens to emigrate to the  
17       country of their choice.

18          (9) Elimination of the Jackson-Vanik amend-  
19       ment's threat of trade-restricting provisions would  
20       increase the United States access to oil supplies  
21       from non-Arab countries, thus lowering gas prices.

22          (10) The adoption of a monetary system of fiat  
23       currency unbacked by any ties to gold may have con-  
24       tributed to the raise in gas prices.

1 **SEC. 3. TERMINATION OF RESTRICTIONS ON OIL AND NAT-**  
2 **URAL GAS DEVELOPMENT ON FEDERAL**  
3 **LANDS.**

4 (a) OUTER CONTINENTAL SHELF.—

5 (1) TERMINATION OF LAWS PROHIBITING EX-  
6 PENDITURES FOR NATURAL GAS LEASING AND  
7 PRELEASING ACTIVITIES.—All provisions of existing  
8 Federal law prohibiting the spending of appropriated  
9 funds to conduct oil or natural gas leasing and  
10 preleasing activities for any area of the Outer Conti-  
11 nental Shelf shall have no force or effect.

12 (2) REVOCATION OF EXISTING PRESIDENTIAL  
13 WITHDRAWALS.—All existing withdrawals by the  
14 President under the authority of section 12 of the  
15 Outer Continental Shelf Lands Act (43 U.S.C.  
16 1341) are hereby revoked and are no longer in effect  
17 with respect to the leasing of areas for exploration  
18 for, and development and production of, oil or nat-  
19 ural gas.

20 (b) COASTAL PLAIN OF ALASKA.—Sections 1002(i)  
21 and 1003 of the Alaska National Interest Lands Con-  
22 servation Act (16 U.S.C. 3142(i) and 3143) are repealed.

23 **SEC. 4. LIMITATION OF SUITS UNDER NATIONAL ENVIRON-**  
24 **MENTAL POLICY ACT OF 1969.**

25 Section 102 of the National Environmental Policy  
26 Act of 1969 (42 U.S.C. 4332) is amended by inserting

1 “(a) IN GENERAL.—” before the first sentence, and by  
 2 adding at the end the following:

3 “(b) LIMITATION ON SUITS.—A statement required  
 4 under subsection (a)(2)(C) is not subject to judicial re-  
 5 view.”.

6 **SEC. 5. INCENTIVES FOR INVESTMENT IN OIL REFINERIES.**

7 (a) INCREASE OF EXPENSING FOR REFINERIES.—

8 (1) IN GENERAL.—Subsection (a) of section  
 9 179C of the Internal Revenue Code of 1986 (relat-  
 10 ing to election to expense certain refineries) is  
 11 amended by striking “50 percent” and inserting  
 12 “100 percent”.

13 (2) EFFECTIVE DATE.—The amendments made  
 14 by this subsection shall take effect as if included in  
 15 section 1323 of the Energy Policy Act of 2005.

16 (b) CLASS LIFE FOR REFINERIES.—

17 (1) IN GENERAL.—Subparagraph (B) of section  
 18 168(e)(3) of the Internal Revenue Code of 1986 (re-  
 19 lating to 5-year property) is amended by striking  
 20 “and” at the end of clause (vi), by striking the pe-  
 21 riod at the end of clause (vii) and inserting “, and”,  
 22 and by inserting after clause (vii) the following new  
 23 clause:

24 “(viii) any petroleum refining prop-  
 25 erty.”.

1           (2) PETROLEUM REFINING ASSET.—Section  
2       168(i) of such Code is amended by adding at the  
3       end the following new paragraph:

4           “(20) PETROLEUM REFINING PROPERTY.—

5               “(A) IN GENERAL.—The term ‘petroleum  
6       refining property’ means any asset for petro-  
7       leum refining, including assets used for the dis-  
8       tillation, fractionation, and catalytic cracking of  
9       crude petroleum into gasoline and its other  
10      components.

11           “(B) ASSET MUST MEET ENVIRONMENTAL  
12      LAWS.—Such term shall not include any asset  
13      which does not meet all applicable environ-  
14      mental laws in effect on the date such asset was  
15      placed in service. For purposes of the preceding  
16      sentence, a waiver under the Clean Air Act  
17      shall not be taken into account in determining  
18      whether the applicable environmental laws have  
19      been met.

20           “(C) SPECIAL RULE FOR MERGERS AND  
21      ACQUISITIONS.—Such term shall not include  
22      any asset with respect to which a deduction was  
23      taken under subsection (e)(3)(B) by any other  
24      taxpayer in any preceding year.”.

25           (3) EFFECTIVE DATE.—

1 (A) IN GENERAL.—The amendments made  
 2 by this subsection shall apply to refineries  
 3 placed in service after the date of the enact-  
 4 ment of this Act.

5 (B) EXCEPTION.—The amendments made  
 6 by this section shall not apply to any refinery  
 7 with respect to which the taxpayer has entered  
 8 into a binding contract for the construction  
 9 thereof on or before the date of the enactment  
 10 of this Act.

11 **SEC. 6. SUSPENSION OF FUEL TAXES ON HIGHWAY MOTOR**  
 12 **FUELS WHEN WEEKLY UNITED STATES RE-**  
 13 **TAIL GASOLINE PRICES EXCEED BENCH-**  
 14 **MARK.**

15 (a) IN GENERAL.—Section 4081 of the Internal Rev-  
 16 enue Code of 1986 (relating to imposition of tax on motor  
 17 and aviation fuels) is amended by adding at the end the  
 18 following new subsection:

19 “(f) SUSPENSION OF HIGHWAY MOTOR FUEL TAXES  
 20 WHEN RETAIL GASOLINE EXCEEDS BENCHMARK.—

21 “(1) IN GENERAL.—During any suspension pe-  
 22 riod, the tax imposed by this section or section 4041  
 23 on highway motor fuel shall be suspended.

24 “(2) DEFINITIONS AND SPECIAL RULE.—For  
 25 purposes of this subsection—

1                   “(A) SUSPENSION PERIOD.—The term  
2                   ‘suspension period’ means the period—

3                   “(i) beginning on the date on which  
4                   the weekly United States retail gasoline  
5                   price, regular grade (as published by the  
6                   Energy Information Administration, De-  
7                   partment of Energy), inclusive of such tax,  
8                   is greater than \$3.00 per gallon, and

9                   “(ii) ending on the date on which such  
10                  price (as so published), without regard to  
11                  this subsection, does not exceed \$3.00 per  
12                  gallon.

13                  “(B) HIGHWAY MOTOR FUEL.—The term  
14                  ‘highway motor fuel’ means any fuel subject to  
15                  tax under this section or section 4041 other  
16                  than aviation gasoline and aviation-grade ker-  
17                  osene.”.

18                  (b) MAINTENANCE OF TRUST FUNDS DEPOSITS;  
19 AMOUNTS APPROPRIATED TO TRUST FUNDS TREATED AS  
20 TAXES.—

21                  (1) IN GENERAL.—There is hereby appro-  
22                  priated (out of any money in the Treasury not other-  
23                  wise appropriated) to each trust fund which would  
24                  (but for this subsection) receive reduced revenues as  
25                  a result of a suspension in a rate of tax by reason



1 of section 4081(f)(1) of the Internal Revenue Code  
2 of 1986 (as added by this section) an amount equal  
3 to such reduction in revenues. Amounts appropriated  
4 by the preceding sentence to any trust fund—

5 (A) shall be transferred from the general  
6 fund at such times and in such manner as to  
7 replicate to the extent possible the transfers  
8 which would have occurred had such section  
9 4081(f)(1) not been enacted, and

10 (B) shall be treated for all purposes of  
11 Federal law as taxes received under the appro-  
12 priate section referred to in such section  
13 4081(f)(1).

14 (c) EFFECTIVE DATE.—The amendment made by  
15 this section shall take effect on the date of the enactment  
16 of this Act.

17 (d) FLOOR STOCK REFUNDS.—

18 (1) IN GENERAL.—If—

19 (A) before the tax suspension date, tax has  
20 been imposed under section 4081 of the Inter-  
21 nal Revenue Code of 1986 on any highway  
22 motor fuel, and

23 (B) on such date such fuel is held by a  
24 dealer and has not been used and is intended  
25 for sale,

1       there shall be credited or refunded (without interest)  
2       to the person who paid such tax (hereafter in this  
3       subsection referred to as the “taxpayer”) an amount  
4       equal to the excess of the tax paid by the taxpayer  
5       over the tax which would be imposed on such fuel  
6       had the taxable event occurred on such date.

7               (2) TIME FOR FILING CLAIMS.—No credit or re-  
8       fund shall be allowed or made under this subsection  
9       unless—

10               (A) claim therefor is filed with the Sec-  
11       retary of the Treasury before the date which is  
12       6 months after the tax suspension date based  
13       on a request submitted to the taxpayer before  
14       the date which is 3 months after the tax sus-  
15       pension date by the dealer who held the high-  
16       way motor fuel on such date, and

17               (B) the taxpayer has repaid or agreed to  
18       repay the amount so claimed to such dealer or  
19       has obtained the written consent of such dealer  
20       to the allowance of the credit or the making of  
21       the refund.

22               (3) EXCEPTION FOR FUEL HELD IN RETAIL  
23       STOCKS.—No credit or refund shall be allowed under  
24       this subsection with respect to any highway motor

1 fuel in retail stocks held at the place where intended  
2 to be sold at retail.

3 (4) DEFINITIONS.—For purposes of this sub-  
4 section—

5 (A) TAX SUSPENSION DATE.—The term  
6 “tax suspension date” means the first day of  
7 any suspension period in effect under section  
8 4081(f) of the Internal Revenue Code of 1986  
9 (as added by subsection (a) of this section).

10 (B) OTHER TERMS.—The terms “dealer”  
11 and “held by a dealer” have the respective  
12 meanings given to such terms by section 6412  
13 of such Code.

14 (5) CERTAIN RULES TO APPLY.—Rules similar  
15 to the rules of subsections (b) and (c) of section  
16 6412 of such Code shall apply for purposes of this  
17 subsection.

18 (e) FLOOR STOCKS TAX.—

19 (1) IMPOSITION OF TAX.—In the case of any  
20 highway motor fuel which is held on the tax restora-  
21 tion date by any person, there is hereby imposed a  
22 floor stocks tax equal to the excess of the tax which  
23 would be imposed on such fuel had the taxable event  
24 occurred on such date over the tax (if any) pre-

1        viously paid (and not credited or refunded) on such  
2        fuel.

3            (2) LIABILITY FOR TAX AND METHOD OF PAY-  
4        MENT.—

5            (A) LIABILITY FOR TAX.—The person  
6        holding highway motor fuel on the tax restora-  
7        tion date to which the tax imposed by para-  
8        graph (1) applies shall be liable for such tax.

9            (B) METHOD OF PAYMENT.—The tax im-  
10       posed by paragraph (1) shall be paid in such  
11       manner as the Secretary shall prescribe.

12           (C) TIME FOR PAYMENT.—The tax im-  
13       posed by paragraph (1) shall be paid on or be-  
14       fore the 45th day after the tax restoration date.

15           (3) DEFINITIONS.—For purposes of this sub-  
16       section—

17           (A) TAX RESTORATION DATE.—The term  
18       “tax restoration date” means the first day after  
19       the suspension period (as defined in section  
20       4081(f) of the Internal Revenue Code of 1986).

21           (B) HIGHWAY MOTOR FUEL.—The term  
22       “highway motor fuel” has the meaning given to  
23       such term by section 4081(f) of such Code.

24           (C) HELD BY A PERSON.—A highway  
25       motor fuel shall be considered as held by a per-

1 son if title thereto has passed to such person  
2 (whether or not delivery to the person has been  
3 made).

4 (D) SECRETARY.—The term “Secretary”  
5 means the Secretary of the Treasury or the  
6 Secretary’s delegate.

7 (4) EXCEPTION FOR EXEMPT USES.—The tax  
8 imposed by paragraph (1) shall not apply to any  
9 highway motor fuel held by any person exclusively  
10 for any use to the extent a credit or refund of the  
11 tax is allowable for such use.

12 (5) EXCEPTION FOR CERTAIN AMOUNTS OF  
13 FUEL.—

14 (A) IN GENERAL.—No tax shall be im-  
15 posed by paragraph (1) on any highway motor  
16 fuel held on the tax restoration date by any per-  
17 son if the aggregate amount of such highway  
18 motor fuel held by such person on such date  
19 does not exceed 2,000 gallons. The preceding  
20 sentence shall apply only if such person submits  
21 to the Secretary (at the time and in the manner  
22 required by the Secretary) such information as  
23 the Secretary shall require for purposes of this  
24 subparagraph.

1 (B) EXEMPT FUEL.—For purposes of sub-  
2 paragraph (A), there shall not be taken into ac-  
3 count any highway motor fuel held by any per-  
4 son which is exempt from the tax imposed by  
5 paragraph (1) by reason of paragraph (4).

6 (C) CONTROLLED GROUPS.—For purposes  
7 of this subsection—

8 (i) CORPORATIONS.—

9 (I) IN GENERAL.—All persons  
10 treated as a controlled group shall be  
11 treated as 1 person.

12 (II) CONTROLLED GROUP.—The  
13 term “controlled group” has the  
14 meaning given to such term by sub-  
15 section (a) of section 1563 of such  
16 Code; except that for such purposes  
17 the phrase “more than 50 percent”  
18 shall be substituted for the phrase “at  
19 least 80 percent” each place it ap-  
20 pears in such subsection.

21 (ii) NONINCORPORATED PERSONS  
22 UNDER COMMON CONTROL.—Under regula-  
23 tions prescribed by the Secretary, prin-  
24 ciples similar to the principles of subpara-  
25 graph (A) shall apply to a group of per-

1                   sons under common control if 1 or more of  
2                   such persons is not a corporation.

3                   (6) OTHER LAWS APPLICABLE.—All provisions  
4                   of law, including penalties, applicable with respect to  
5                   the taxes imposed by section 4081 of such Code  
6                   shall, insofar as applicable and not inconsistent with  
7                   the provisions of this subsection, apply with respect  
8                   to the floor stock taxes imposed by paragraph (1) to  
9                   the same extent as if such taxes were imposed by  
10                  such section.

11 **SEC. 7. INCREASE IN MILEAGE REIMBURSEMENT RATES.**

12                  (a) BUSINESS.—For purposes of the Internal Rev-  
13                  enue Code of 1986, after the date of the enactment of  
14                  this Act, the optional standard mileage rates to be used  
15                  for computing the deductible costs of operating an auto-  
16                  mobile for business purposes shall be not less than 70  
17                  cents per mile.

18                  (b) MEDICAL, MOVING, AND CHARITABLE CON-  
19                  TRIBUTION RATES.—For any day during the period under  
20                  which highway motor fuel taxes are suspended under sec-  
21                  tion 4081(f) of the Internal Revenue Code of 1986—

22                         (1) the optional standard mileage rates to be  
23                         used for computing the deductible costs of operating  
24                         an automobile for medical, moving, and charitable

1 purposes shall be the same rate which is in effect for  
 2 such day for business purposes, and

3 (2) the rate under section 170(i) shall not  
 4 apply.

5 **SEC. 8. TERMINATION OF APPLICATION OF TITLE IV OF**  
 6 **THE TRADE ACT OF 1974 TO THE RUSSIAN**  
 7 **FEDERATION AND KAZAKHSTAN.**

8 (a) PRESIDENTIAL DETERMINATIONS AND EXTEN-  
 9 SIONS OF NONDISCRIMINATORY TREATMENT.—Notwith-  
 10 standing any provision of title IV of the Trade Act of 1974  
 11 (19 U.S.C. 2431 et seq.), the President may—

12 (1) determine that such title should no longer  
 13 apply to both the Russian Federation and  
 14 Kazakhstan; and

15 (2) after making a determination under para-  
 16 graph (1) with respect to the Russian Federation  
 17 and Kazakhstan, proclaim the extension of non-  
 18 discriminatory treatment (normal trade relations  
 19 treatment) to the products of those countries.

20 (b) TERMINATION OF APPLICATION OF TITLE IV.—  
 21 On and after the effective date of the extension under sub-  
 22 section (a)(2) of nondiscriminatory treatment to the prod-  
 23 ucts of the Russian Federation and Kazakhstan, title IV  
 24 of the Trade Act of 1974 shall cease to apply to those  
 25 countries.



1 **SEC. 9. STUDY ON EFFECTS OF OIL PRICES ON MONETARY**  
2 **POLICY.**

3 Not later than 6 months after the date of the enact-  
4 ment of this Act, the Secretary of the Treasury and the  
5 Board of Governors of the Federal Reserve System shall  
6 produce a study on the relationship between the increase  
7 in the price of oil and the monetary system of fiat cur-  
8 rency. The results of this study shall be submitted to the  
9 Chairman of the Committee on Financial Services of the  
10 House of Representatives and the Chairman of the Com-  
11 mittee on Banking, Housing, and Urban Affairs of the  
12 Senate.

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